

**CITY OF MORGAN HILL  
JOINT SPECIAL CITY COUNCIL AND  
SPECIAL REDEVELOPMENT AGENCY MEETING  
MINUTES – JUNE 13, 2007**

**CALL TO ORDER**

Mayor/Chairman Tate called the meeting to order at 6:03 p.m.

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Grzan, Lee, Sellers, and Mayor/Chairman Tate

**DECLARATION OF POSTING OF AGENDA**

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

***City Council Action***

**CLOSED SESSION:**

Mayor Tate announced the below listed closed session item.

**1.**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Authority	Government Code 54957
Public Employee Performance Evaluation:	City Attorney
Attendees:	City Council, City Attorney

**OPPORTUNITY FOR PUBLIC COMMENT**

Mayor Tate opened the Closed Session item to public comment. No comments were offered.

**ADJOURN TO CLOSED SESSION**

Mayor Tate adjourned the meeting to Closed Session at 6:05 p.m.

**RECONVENE**

Mayor/Chairman Tate reconvened the meeting at 7:00 p.m.

**CLOSED SESSION ANNOUNCEMENT**

City Attorney Kern announced that no reportable action was taken in closed session; indicating that she would be able to remain an employee of the City of Morgan Hill for another year.

**SILENT INVOCATION**

## **PLEDGE OF ALLEGIANCE**

## **PRESENTATION**

## **PROCLAMATIONS**

## **RECOGNITIONS**

## **CITY COUNCIL REPORT**

Council Member Grzan indicated that the Council attends other meetings other than the Wednesday night Council meetings; noting that the Council belongs to a number of subcommittees. He stated that he is chair to the South County Regional Wastewater Authority (SCRWA), the Cities of Gilroy and Morgan Hill's wastewater treatment plant. He announced that SCRWA recently received two awards: 1) Santa Clara Valley Water District award for the Morgan Hill-Gilroy partnership and its water reclamation project; and 2) OMI award regarding the same cooperation partnership with the water treatment plant. He stated that SCRWA does a tremendous job, and that it will be investing millions of dollars to expand the treatment plant in order to be able to handle future growth in the area. Unlike other communities outside Morgan Hill who did not invest in water treatment, they may find themselves in a position where they can no longer build/develop because of a self imposed moratorium, or by the State for the lack of water treatment. He said that the Cities of Gilroy and Morgan Hill have a state of the art water treatment facility that will handle all the cities' needs; today and tomorrow. He also chairs the Utilities & Environment Committee. He said that this Committee works hard, and will work very hard this summer as it puts together an environmental agenda; looking at programs, projects and other items that will make the city a true environmentally sound and healthy community. The Committee will be returning to the Council with a number of proposals on how to promote an environmental agenda. The Committee recently had the opportunity to review the City's public access channels. He indicated that the Committee recently recommended an additional channel access to Gavilan College and the Morgan Hill Unified School District. He said that the Committee went through an extensive review process in order to make sure the programming/commitment exists, and that there is good quality programming in the community.

Council Member Grzan stated that he has attended a number of public functions. He, like other council members, has been a recipient of many letters regarding the Jackson Oaks Trail issue. He indicated that he has been asked to take a position on this issue; noting that there is a process in place for consideration. He said that the Jackson Oaks Trail has not gone through the review process, and that for him to take a position on this issue at this time would be premature, and may undermine the efforts of the committees and commissions that have not had the opportunity to review this item. He stated that it was important for the Council to keep itself abreast, and to interact with various members in the community. He stated that he has read every e-mail forwarded to him. It was his belief that council members need to wait and weigh all the arguments; pro and con. He encouraged the residents to remain active in this regard. He stated that the Council also had an opportunity to meet with the residents of the Madrone area, and felt the Council did a good job in working with this sector of the community.

## **CITY COUNCIL COMMITTEE REPORTS**

Mayor Tate announced that Mayor Pro Tempore Carr was in attendance at 6:00 p.m. when the meeting was called to order and that he participated in closed session. However, Mayor Pro Tempore Carr excused himself from this portion of the meeting in order to attend his daughter's graduation from preschool, and would return later this evening.

## **CITY MANAGER REPORT**

City Manager Tewes noted that communities throughout California are experiencing a reduced water supply. He stated that the State of California recently cut back the amount of water pumped out of the Delta and that this further constrains local water supplies. He said that in recognition of these constraints, the Santa Clara Valley Water District is asking that all of its customers reduce water consumption by 10%, on a voluntary basis. He said that while the constraints in supplies mainly affect those communities that rely on surface water, he indicated that Morgan Hill does not rely on surface water. None the less, it is felt that it is time for Morgan Hill residents and businesses to take advantage of the technical/financial assistance the Water District makes available to encourage conservation. He addressed 3 conservation programs: 1) the Water-wise House Call Program; 2) High Efficiency Toilet Rebate Program; and 3) the District Landscaping Assistance Program. He indicated that citizens will soon be receiving brochures on these programs, and recommended that individuals contact the Water District to learn more about their conservation programs.

Council Member Grzan indicated that the Santa Clara Valley Water District also has a rebate program on washers; currently offering a \$100 rebate for the purchase of high efficiency washers. He stated that the Water District has a number of wonderful programs that community members should participate in.

## **CITY ATTORNEY REPORT**

City Attorney Kern stated that she did not have a report to present this evening.

## **OTHER REPORTS**

## **PUBLIC COMMENT**

Mayor/Chairman Tate opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

## ***City Council and Redevelopment Agency Action***

## **ADOPTION OF AGENDA**

**Action:**      *On a motion by Council/Agency Member Grzan and seconded by Council/Agency Sellers, the City Council/Agency Board, on a 4-0 vote with Mayor Pro Tempore/Vice-chair Carr absent, **Adopted** the Agenda as printed.*

## ***City Council Action***

### **CONSENT CALENDAR:**

Mayor Tate indicated that there were individuals in attendance this evening wishing to address Consent Calendar items 1 and 8. Therefore, these items would be removed from the Consent Calendar.

Council Member Grzan requested that item 4 and Council Member Sellers requested that item 9 be removed from the Consent Calendar.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Approved** Consent Calendar Items 2, 3, 5, 6, 7, and 10 as follows:*

2.        **EXCEPTION TO LOSS OF BUILDING ALLOTMENT AWARDED TO APPLICATION MC-05-12: DEPOT-GRANARY**

**Action:** ***Adopted** Resolution No. 6101; Granting the Extension of Time Request.*

3.        **AMEND CONTRACT FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2007 AND 2008 - CITY**

**Action:** ***Authorized** the City Manager to Extend the Contract for Annual Audit Services Provided by Moss, Levy and Hartzheim for an Additional Two-Years at a Cost not to Exceed \$33,159; Subject to Review and Approval by the City Attorney.*

5.        **AGREEMENT WITH BLACKROCK LLC FOR PROVISION OF INFRASTRUCTURE IMPROVEMENTS AND LAND, TO MEET CONDITION OF URBAN SERVICE AREA EXTENSION**

**Action:** ***Authorized** the City Manager to Execute the Agreement with Blackrock LLC; Subject to Review and Approval by the City Attorney.*

6.        **APPROVE THE FISCAL YEAR 2007-2008 SOUTH COUNTY REGIONAL WASTEWATER AUTHORITY BUDGET**

**Action:** ***Approved** the South County Regional Wastewater Authority Fiscal Year 2007-2008 Budget.*

7.        **SUBSEQUENT DEVELOPMENT REIMBURSEMENT WITH MORGAN HILL UNIFIED SCHOOL DISTRICT FOR JUAN HERNANDEZ/TENNANT TRAFFIC SIGNAL**

**Action:** ***Approved** the Subsequent Development Agreement and **Authorized** the City Manager to Execute the Agreement on Behalf of the City; Subject to Review and Approval by the City Attorney.*

**10. AWARD PROFESSIONAL SERVICES CONTRACT FOR DESIGN OF HALF ROAD TEST WELL**

**Action:** *Authorized the City Manager to Execute an Agreement with Luhdorff & Scalmanini for the Design, Preparation of Plans and Specifications and Field Services of a Test Well on Half Road in the Amount of \$35,000; Subject to Review and Approval by the City Attorney.*

**1. FRIENDS OF THE MORGAN HILL LIBRARY MURAL OF LITERARY QUOTES FOR THE NEW LIBRARY PROJECT**

Carol O'Hare said that since the item was added to the consent calendar, she and Zoe Gustlin have had the opportunity to visit the new library building, and review the area in the adult section where they wanted to place the mural. She informed the Council that the graphic artist had originally informed the Friends of the Library that six to eight quotes would fit in this space; noting that it is a large space that is 44 feet long. She informed the Council that the Friends of the Library would like to wait and get a feel for the space before including the quotes. She said that the area has a clean look and that the Friends of the Library were not sure they would want to clutter the space with these many quotes. She requested the Council approve the concept of the quotes; advising which quotes they like from the list of quotes presented. She would agree to return to the Council some time in the future for approval of the quotes selected.

Council Member Sellers said that he would rely on Ms. O'Hare's good judgment regarding the location of the quotes. He noted that Ms. O'Hare referenced the backgrounds for most of the individuals to be quoted. He inquired as to what degree full explanations would be included.

Ms. O'Hare clarified that only the names would be included with the quotes. She said that a pamphlet would be put together of all the arts to be placed in the library. Individuals will be able to review the arts and have background information provided.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, Conceptually Approved the Proposed Adult Area Mural of Literary Quotes as Additional Public Art Piece(s) Provided by the Morgan Hill Friends of the Library.*

**4. COMMENT ON SAN JOSE'S NOTICE OF PREPARATION OF ENVIRONMENTAL IMPACT REPORT FOR MONTEREY HIGHWAY SOCCER COMPLEX**

Council Member Grzan understood that the soccer complex would be expanded from 8 soccer fields to 15 fields. He noted that the facilities to be built are proposed to be temporary in nature (e.g., concession stands, etc.). He inquired as to the reason for this approach.

Community Development Director Molloy Previsich informed the Council that the current proposal is for 15 fields. She indicated that the site is owned by the City of San Jose, and that the land is within their greenbelt, but outside their urban service area. Therefore, no public services would be provided, and that they are limited to improvements that are temporary in nature. She stated that the City's letter suggests

that there may be some consideration to amending policies related to urban services being extended to greenbelt areas for public recreation and public facility projects similar to this project. She said that the letter suggests the City of San Jose may want to amend the project's description and include in the environmental impact report some analysis of a policy change; including a statement of whether this would be a good idea, or not. She noted that fields at Sobrato High School are located in the greenbelt, and that this has prevented the ability to light the fields. She said that the draft letter raises the issue that it might be in the public's interest to consider amending the policies for public recreation and public facility uses. She said that these could be treated as Out of Agency Service requests for utility extension, and could be considered to serve these types of uses if they are in the public interest. She indicated that it would be the City of Morgan Hill who would provide sewer service, and that the City of San Jose would need to go to LAFCo to request an Out of Agency service request for sewer.

Council Member Sellers indicated that the City of San Jose was reluctant to do anything more than the basic requirements. He said that the City of San Jose was originally going to prepare an environmental impact report (EIR) on 8 fields. When everyone involved in recreation looked at the site, it was found that 15 fields could be accommodated; noting that there is an acute need for more recreation fields. It was felt that the City of San Jose should analyze and prepare an EIR for 15 fields. He said that the letter suggests the City of San Jose has some opportunities; understanding constraints (e.g., detention facilities and the fact that the site is located in the greenbelt). Further, that the City of San Jose has the opportunity to provide needed recreational services. He said that it is being suggested that the City of San Jose review the broadest base of items possible so that opportunities for kids to have the ability to play soccer or other sports are not precluded.

Council Member Grzan noted that it is being recommended that the City of San Jose amend their policies to allow for services to be installed. He inquired whether the City is asking, on behalf of Sobrato High School, that they allow for lighting.

Ms. Molloy Previsich clarified that the letter does not suggest that the City of San Jose amend their policies at this juncture, but that they amend their project description to study lighting as part of the EIR to determine if lighting would be a significant impact, or whether there were impacts that need to be mitigated. Further, that the City of San Jose allow their staff to perform a policy analysis. She noted that the site is located adjacent to urban services. She felt that there could be some flexibility in the policies that could be made in order to allow for greater utilization of the recreational space. Even though the site is located within the greenbelt, it is felt that there may be some advantages. The letter is asking the City of San Jose to consider analyzing this policy issue, and that LAFCo consider this policy issue as well.

Council Member Grzan inquired whether Morgan Hill residents would be allowed to use these fields.

Mayor Tate said that it has always been the objective to make the outdoor sports center a complex that can be utilized for various sports (e.g., softball, baseball, football, soccer) in the community. He noted that the City has a lease with the CYSA organization at the sports complex. If the City can get CYSA to change the lease to an area north of the city limit, this will accommodate the youth of the community to participate in the CYSA program; opening the possibility of additional hours available to the community at the outdoor sports center. He indicated that many CYSA members come from San Jose and play at

Morgan Hill's soccer complex. He noted that the Council lowered the residency requirement to 60% last week in order to allow Morgan Hill's youth to play soccer in CYSA's program; allowing other area youths to play soccer as well. He does not see this soccer complex to be competitive or detracting from the City's sports complex being built.

Council Member Lee said that CYSA could move to the City of San Jose's soccer complex. Doing so would take away from the main use the Council has been talking about for the City's new outdoor sports complex. She noted that CYSA holds their tournaments 40 weeks out of the year in the City's sports complex.

Mayor Tate stated that he has considered the main use of the City's outdoor sports complex as a variety of outdoor recreational opportunities for all youth in the community. He noted that the primary use of the City's outdoor sports complex is soccer. He said that the City is doing a careful balancing act in trying to keep CYSA engaged in the maintenance of the City's fields so that the City does not need to spend general fund monies to maintain the fields. It was his belief that the balancing act the City is trying to accomplish is to eventually find a home for CYSA. Therefore, it would be in the City's interest to have the City of San Jose look at the site west of Sobrato High School.

Council Member Sellers said that CYSA hosts several tournaments in Morgan Hill. He noted that CYSA representatives have indicated that there are certain tournaments they cannot host in Morgan Hill because there are not enough fields. Having both facilities would provide CYSA with an overflow of fields. He anticipates that there would be an evolutionary process where the City would modify the agreement with CYSA. He felt the City has the opportunity to advocate both facilities.

Council Member Lee expressed concern that should CYSA move to the San Jose fields, and use these as their competitive fields; the City will have lost CYSA's contribution toward maintenance of the outdoor sports complex. She stated that payment for the upkeep and maintenance of the fields has always been a concern of hers. Should the CYSA organization cease to use or reduce its use of the City's outdoor sports complex; the City would lose their contribution toward maintenance of the fields.

Mayor Tate agreed that the CYSA organization will not just move out of the City's sports complex as they need more fields for a lot of their competitions. He said that the City had discussions with other sports groups to see if the City could find someone who would help maintain the outdoor sports complex. He said that the City has not given up on conducting more of this type of investigation in the future. He said that Council Member Lee is right to keep focus on the area of maintenance as the costs would come from the general fund. He agreed that the City should find an answer to this. Should CYSA move to the San Jose site, the City would lose in their paying toward maintenance. However, the City would gain the use of the fields for the true use to which they were intended. He said that it would be up to the Council to develop innovative solutions and policies on what it chooses to do/not do with the outdoor sports complex. It could be that the City will be able to find a private partnership.

Council Member Sellers felt that it was important to understand the need is significant for fields. He said that he is working with a group trying to find fields to use as the fields for sports use are difficult to come by. He noted that there is a high percentage of young people in the community. It was his belief

that it will be a matter of what the fields would be used for, and not a question of need. He agreed that this will be an issue that will have a favorable outcome for Morgan Hill, short term, as there will be several options. He agreed that these questions are important to ask as the City moves forward. He did not want the City to sacrifice financial standards in order to expand the ability of the community's youth to use the fields.

City Manager Tewes noted that the action before the Council is a part of a long standing Council policy that can be changed. He said that the Council wanted to encourage the development of regional serving facilities in San Jose; knowing that this would allow the City to move forward with the Council's adopted master plans for the outdoor sports center. He indicated that there was a lot of discussion about how the City would acquire the property; noting that the property was acquired with redevelopment funds for redevelopment purposes, and not as a long term use for the CYSA organization. He stated that CYSA has always been considered an interim use.

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Tate, the City Council, on a 3-1 vote with Council Member Lee voting no and Mayor Pro Tempore Carr absent, **Authorized** the Mayor to Send the Letter to the City of San Jose.*

Council Member Grzan stated that he supported the motion because 15 fields would be studied, and that the motion would not be a decision making action.

## **8. AGREEMENT BETWEEN THE CITY AND INDEPENDENCE DAY, INC. (IDI) TO CO-SPONSOR THE JULY FOURTH CELEBRATIONS**

Alex Kennett, President of IDI addressed the upcoming events scheduled for the Fourth of July. He indicated that the Fourth of July celebration will start with the Firecracker Golf Classic on Friday, June 22 at the Eagle Ridge Golf Course; July 3: Patriotic Sing at Britton Gym at 6:00 p.m. followed by a street dance at 7:00 p.m. July 4: 8 a.m. – 5k walk and 1 mile walk/run; a car cruise parade prior to the parade, and 10 a.m. - Fourth of July parade. He informed the Council that a float builder is using this parade as a test bed for the design and construction for the Rose Parade in Pasadena. He said that the downtown family festival follows immediately after the parade in the downtown and would end approximately at 4:00 p.m. No pre fire work event is planned. The day would conclude with fireworks. He said that Carl Larson, a sophomore from Live Oak High School, is IDI's logo design winner.

Council Member Grzan stated that this is one of the most outstanding events held in the community, and that this is a reason why individuals come, live and stay in Morgan Hill. He said that this event, along with others, brings the community together. He was proud that IDI has a great number of dedicated volunteers who come back every year to work hard to make this event successful

Mr. Kennett thanked the City for providing Julie Spier as their liaison this year. He said that it has been great to be able to have one individual to call and work with, and that this has made it easier to work with the City.



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**Action:**      *On a motion by Council Member Grzan and seconded by Council Member Sellers, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Authorized** the City Manager to Sign the Co-Sponsorship Agreement with Independence Day Inc., and **Appropriated** \$28,600 to IDI for Co-Sponsorship; Subject to Review and Approval by the City Attorney.*

## **9.      SISTER CITY DELEGATES VISIT DURING FOURTH OF JULY**

Council Member Sellers inquired as to the outline of the events; noting that the request is for a relatively small allocation. He stated that the memorializing of the City's sister cities will not be insignificant with the new library opening.

Mayor Tate said that the City will have contingencies from Mizuho, Japan: the Mayor and her spouse; and city officials; as well as a delegation from San Casciano, Italy will be arriving somewhere around July 1 and leaving July 6. He said that the City's two Sister Cities will visit City Hall July 3, and that a dinner is planned for the two Sister Cities delegates at Guglielmo's. He informed the Council that they will be hearing more, and be invited to some of the events. However, they are still trying to finalize the schedule.

**Action:**      *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council, on a 4-0 vote with Mayor Pro Tempore Carr absent, **Authorized** \$100 for Sister City Delegates Visit Support.*

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

Agency Member Lee requested that item 11 be removed from the Consent Calendar.

**Action:**      *On a motion by Agency Member Sellers and seconded by Agency Member Grzan, the Redevelopment Agency Board, on a 4-0 vote with Vice-chair Carr absent, **Approved** Consent Calendar Item 12 as follows:*

## **12.      AMEND CONTRACT FOR AUDIT SERVICES FOR THE FISCAL YEARS ENDING JUNE 30, 2007 AND 2008 - RDA**

**Action:**      ***Authorized** the Executive Director to Amend the Contract for Annual Audit Services Provided by Moss, Levy and Hartzheim for the Two Years Ending June 30, 2007 and 2008; Subject to Review and Approval by the Agency Counsel.*

## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR:**

**Action:**        *On a motion by Council/Agency Member Sellers and seconded by Council/Agency Member Grzan, the City Council/Agency Board, on a 4-0 vote with Mayor Pro Tempore/Vice-chair Carr absent, **Approved** Consent Calendar Items 13-14, as follows:*

**13.    CAPITAL FINANCING AND DEBT POLICY**

**Action:** **Approved** the Capital Financing and Debt Policy.

**14.    JOINT REGULAR CITY COUNCIL AND REGULAR REDEVELOPMENT AGENCY MEETING MINUTES OF MAY 23, 2007**

**Action:** **Approved** as Submitted.

## ***Redevelopment Agency Action***

**11.    BELLINGER, FOSTER, AND STEINMETZ LANDSCAPE ARCHITECTURE APPROVAL OF \$100,000 FOR ADDITIONAL DESIGN AND CONSTRUCTION SERVICES FOR OUTDOOR SPORTS CENTER**

Agency Member Lee inquired as to the additional monies being requested be allocated. She requested an explanation about the funds being requested; including the contingency fund. She noted the staff report states that the contingency funds would assist in addressing any issues that may come up.

Special Assistant to the City Manager Spier said that this was at one time two projects: phase 1 – a \$2 million project that was limited in its scope; and phase 2. She stated that during the process, there was no coordination between phase 1 and phase 2. During that time, the City did not pay for a complete set of plans that brought both projects together. She indicated that the Council funded the project for \$10 million in January 2007. Staff had all the components for the project, but that staff found that there were items that fell through the cracks when they tried to combine the two projects. She said that this was an area that staff forewarned the Council that additional architectural services might be needed. She stated that there were also enhancements that were identified (e.g., expansion of the bleacher space to accommodate additional fields, expansion of the temporary parking lot in order to allow CYSA to continue play during the construction period, and the kiosk which is part of the partnership with the Chamber of Commerce and Tourism Committee were brought into the scope of the project, etc.). She said that it is typical to add a contingency, and that for this project it is a \$20,000 contingency. She noted that this will be a short five month construction period for a \$10 million project, and that this is a substantial project. Staff still needs to coordinate electrical, PG&E and Verizon and that these have to be detailed out. She informed the Council that a security system was added as an enhancement; clarifying that the City was not going to install a security system when the project was just for two fields. However, now that the concession stand, office area and the restroom are proposed, new lines were installed and that staff detailed out the terms of the security to be installed. She stated that security is

needed based on prior thefts in all of the public parking lots. She said that staff is trying to stay in pace and meet all of scheduled milestones. She clarified that the total amount for additional architectural services is \$100,000, of which \$20,000 is for contingencies.

Agency Member Grzan said that this particular project has been a concern to him as one of the outcomes for the project was to benefit the redevelopment agency; in particular, the downtown areas with enhanced jobs, reduction in crime, etc. He stated that he does not see this project doing so. While this is a worthwhile project, he did not believe it meets the objectives of the intended purpose. Therefore, he would not be supporting the action before the Agency Board.

Vice-chairman Carr entered and took his seat on the Dais. He indicated that he listened to the staff report and Council discussion from the side room with the rest of the staff members.

**Action:**        *On a motion by Council Member Sellers, and seconded by Mayor Pro Tempore Carr, the City Council, on a 3-2 vote with Council Members Grzan and Lee voting no, **Authorized** the Executive Director to Execute an Amendment to the Existing Contract with Bellinger, Foster and Steinmetz to Provide Additional Design and Construction Support Services for the New Outdoor Sports Center and **Appropriated** in an Amount Not-To-Exceed \$100,000, Which Includes a Contingency of \$20,000; Subject to Review and Approval by the Agency Counsel.*

Agency Member Sellers noted that the Council unanimously voted to support the extension of the redevelopment agency and their goals. He felt that it was important to acknowledge this fact.

Agency Member Grzan stated that it was his belief that he voted for the programming concept of the redevelopment agency extension. After continually receiving more information and historical documents on this item, it has made it difficult for him to support this project. He indicated that the stated goals for this facility were to add jobs and to contribute to the well being of the downtown. He did not see these benefits taking place. He said that the main premise of building and funding this facility is what it will do for the downtown, and that this is missing. He acknowledged that recreation facilities would benefit from this action. He did not see this project adding jobs and reducing crime. If someone could show him the relationship between these, he would lend the project his support.

Chairman Tate did not believe there has ever been a direct tie associated with this project and the downtown. The tie has been to the redevelopment area. He felt that this item needs to be agendaized to review the history of this item, how the City got to where it is, and what areas this project benefits. He said that the Agency may not agree, but felt that the Agency Board needs to be on the same page in terms of what the background is.

Agency Member Lee indicated that she was not on the City Council when the redevelopment agency was extended. She expressed concern with the financial aspect of the maintenance and the upkeep of the outdoors sports center. She did not know how this would affect other areas of the City's budget. She stated that she is not opposed to recreational services as she uses and enjoys all the recreational facilities in town. She wants to make sure the City is serving the public the best that it can, while keeping in mind

the City's budget constraints. She did not know how the City would be able to keep up with the maintenance of the wonderful facilities that are built, while serving the community in other areas. She stated that this will always be her concern.

## ***City Council Action***

### **PUBLIC HEARINGS:**

**15. PUBLIC HEARING AND ADOPTION OF RESOLUTIONS CONFIRMING FISCAL YEAR 2007-2008 ANNUAL ASSESSMENT FOR THE FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT – Resolution Nos. 6102 and 6103**

Director of Public Works Ashcraft informed the Council that this is the annual public hearing on the engineer's report and the annual levy of assessments for the Fox Hollow-Murphy Springs Lighting and Landscaping Assessment District in accordance with the Landscaping and Lighting Act of 1972. He stated that there are 20 sub areas in the Fox Hollow-Murphy Springs Assessment District; subdivisions approved in the early 1990s. He indicated that there are a total of 755 lots encompassed in the sub areas. He stated that the resolutions before the Council would adopt the engineer's report that fairly levies assessments against each of the parcels. He indicated that most of the costs associated with the levy are associated with the contract maintenance of the open space area. He referred the Council to page 149 and 150 of the staff report that identifies the summary of the 20 sub areas with historic and proposed assessments. He stated that staff proposes 6 of the 20 sub areas increase assessment with the remaining 14 sub areas remaining the same as they were this year. He informed the Council that the property owners of 238 lots were notified of the assessment rate increase; noting that the increases do not require a Proposition 218 vote because 5 of the 6 sub areas rate increases are less than the maximum assessment established when the assessment district was formally approved.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Grzan, the City Council unanimously (5-0) **Adopted** Resolution Nos. 6102 and 6103; Confirming the Fiscal Year 2007-2008 Annual Assessment for the Fox Hollow/Murphy Springs Assessment District.*

**16. DEVELOPMENT AGREEMENT AMENDMENT, DAA-05-08: CHURCH-ALCINI - Ordinance No. 1841, New Series**

Director of Community Development Molloy Previsich presented the staff report on a request to amend an approved development agreement for a 14-lot, single family attached residential project located on a 1.6 acres on the west side of Church Street, just north of Bisceglia. The request is for a six-month extension of the commencement deadline, and a six month extension of the date to obtain the building permit. She informed the Council that the final map process took longer than expected, but that there has been substantial progress made in seeking the entitlements: final map approval and building permits. She indicated that there was a delay in the final map process by the City for approximately three months

and that there were other unanticipated zoning and environmental review factors that needed to be worked through. She stated that on May 22, 2007, the Planning Commission considered the request and unanimously recommend the Council approve the requested development agreement amendment.

Council Member Sellers indicated that the staff report referenced an attached letter from the applicant; noting that the letter was not attached to the staff report. He stated that there are three Exceptions to Loss of Building Allocation extensions before the Council this evening in and around the downtown area. In reading through all three items, he wondered whether this is a situation the City needs to worry about in a larger scale. He expressed concern that the City is starting to recognize concerns/problems in the downtown that will be significant because these are unique projects (e.g., vertical mixed use). He felt that what the City is trying to do in the downtown, and that delay in commencement of construction, will result in significant impacts in terms of timing. He inquired whether there were any red flags the City needs to be cognizant of.

Ms. Molloy Previsich said that there are a multitude of factors at play, and that the nature of some of the downtown development is different. She stated that it is taking longer for new developers to gear up and proceed with mixed use projects in the downtown versus developing a standard single family project the city frequently sees. She said the City is reforming the way it establishes the schedule in the first place; noting that it used to be that aggressive detailed schedules were part of all development agreements. When the housing market is strong and you are working with single family construction development, they are fairly predictable and do not encounter many problems. She noted the housing market has slacked off and the City is receiving different types of construction, and individuals who do not want to be aggressive in moving forward with construction. She stated that some of the recent amendments approved were to take some of the detailed deadlines out and place them in planning commission resolutions so that applicants do not need to come before the Council for ordinance amendments. She said that some of the projects will be constructed as scheduled, but that it is the intermediate deadlines that have slipped. She said that the opportunities created by Measure F are causing some individuals to rethink the timing of their projects because they are going to be able to increase density and construct a larger project. A delay for this purpose would be in the City's interest so that a better project can be constructed.

Council Member Sellers said that the pattern is that individuals developing, designing and engineering projects in the downtown are running into difficulties they did not anticipate because the projects are more complex and challenging. He wanted to see the applicant's letter to see if they felt the same way. It may be an educational process for the developers going through the process. There may be some things the City can do better; calling items out and doing something different with these projects than has been done with other projects. He inquired whether the City could help the individuals developing in the downtown do a better job.

Ms. Molloy Previsich stated that staff is not suggesting any whole sale changes at this time. However, as the City goes through the downtown plan update and better defines the opportunities and constraints, additional recommendations may come forward on ways to handle the downtown and mixed use development differently than what is done at this time.

Mayor Pro Tempore Carr stated that he typically does not support extensions, but noted that in this case, there were some delays in the City's processes. He expressed concern that granting a six month extension may place the developer in a potential of coming back with weather issues. He inquired whether staff has seen a project schedule that shows the City that the project will commence construction before there are weather issues. Does the applicant really need a six month extension? He indicated that it has been the City's experience or commencing construction is that by the end of six months, the developer will break ground; occurring at the very end of the time limits. He did not want to be in a situation in December where the developer has issues about weather instead of being able to break ground during the summer months.

Ms. Molloy Previsich informed the Council that she has not seen the detailed construction schedule, and that the applicant may have submitted this information to City staff. It was her belief the applicant discussed with City staff how much time was really needed. She clarified that the City would not be adjusting the completion of construction deadline; finishing the project on time.

Mayor Tate said that in his experience as/of the Planning Commission is that the Commission takes very seriously granting any exceptions to the loss of building allocations. He indicated that the Planning Commission takes the developer through an in depth process; questioning the developer to make sure the applicant has the best schedule in place. He was a little concerned the City is moving the deadlines out of the development agreements, and may loosen the timelines. It was his belief that the Commission would continue to take deadlines seriously and do a good job in recommending/not recommending an extension to the Council.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

Council Member Lee shared the concern about putting the breaks on the entire momentum taking place in the downtown. She recommended the City watch the situation carefully over the next couple of months as the City has a lot of good things taking place in the downtown. She did not believe the City wants to hold up the activities taking place.

**Action:**        *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1841, New Series.*

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1841, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1787, NEW SERIES, DAA-05-08: CHURCH-ALCINI, TO ALLOW FOR AN 8-MONTH EXTENSION OF THE COMMENCEMENT OF CONSTRUCTION DATE FOR 14 BUILDING ALLOCATIONS GRANTED FOR FISCAL YEAR 2006-2007 FOR MC-04-15: CHURCH-ALCINI. ALSO, APPROVED IS THE TRANSFER OF THE DEVELOPMENT AGREEMENT PERFORMANCE DATES OUT OF EXHIBIT "B" OF THE DEVELOPMENT AGREEMENT AND INTO A SEPARATE RESOLUTION (APN 817-01-061 & 064) by the following roll call vote: AYES: Carr, Grzan, Lee, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.***

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**17. EXCEPTION TO LOSS OF BUILDING ALLOTMENT AWARDED TO APPLICATION  
MC-04-10: EAST DUNNE – KRUSE – Resolution No. 1604**

Community Development Director Molloy Previsich presented the staff report on a request for a 3-year extension of time for 3 building allotments for a large subdivision. She said that once CEQA started, there were significant issues that took a lot of time to address, such as the tiger salamanders, red legged frogs, and geologic hazards. Due to the potential for these endangered species, it can take two years or more to conduct the necessary surveys, and to work with the Wildlife Resource Agencies to obtain clearances. She informed the Council that one complication is that there has to be at least 70% of the average rainfall in March in order to conduct a survey in that year; noting that Morgan Hill did not receive the 70% average rainfall this year. This added another year to the process. She stated that the Planning Commission and staff are recommending Council approval of the 3-year extension of time. She acknowledged that this is a long extension of time, but felt that it was justifiable given the environmental constraints the applicant is trying to work through.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Adopted** Resolution No. 1604; Approving an Exception to Loss of Building Allocation to Allow for a Three-Year Exception to the Building Allocations Received for Three Units for Fiscal Year 2006-2007.*

Mayor Pro Tempore Carr noted that in his letter to the City, Mr. Kruse talks about the requirements of the City of Morgan Hill to perform linkage geotechnical surveys and multi year biological surveys. He indicated that this is a CEQA requirement, and not a City requirement.

Ms. Molloy Previsich indicated that the City of Morgan Hill is the lead agency for CEQA, and that these are California and Federal laws that City government must comply with/follow.

**18. DEVELOPMENT AGREEMENT AMENDMENT, DAA-06-06: MONTEREY-GUNTER -  
Ordinance No. 1842, New Series**

Community Development Director Molloy Previsich presented the staff report on a request to amend the development agreement for a 15-unit vertical mixed use project. The request is for a one-year extension to commence construction deadline for a downtown mixed use project by less experienced developers. She indicated that this has been a complicated project and that the applicant is in the building plan check cycle; receiving two plan checks already and are in their third plan check. She said that approval of the building permit should be eminent. She indicated that the applicant understands they need to move forward with the construction drawings and lay out the project. Therefore, the applicant is requesting a one-year extension. She informed the Council that the Planning Commission reviewed the request, and is recommending the Council approve the request for a one-year extension.

Mayor Tate opened the public hearing. No comments being offered, the public hearing was closed.

Council Member Sellers noted that he and Council Member Lee made comments about the challenges downtown projects face under agenda item 16. He felt it important that this project is done right and that it presents lessons as the City moves forward with other downtown projects.

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1842, New Series.*

**Action:** *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council **Introduced** Ordinance No. 1842, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION, DAA-06-06: MONTEREY - GUNTER TO ALLOW A ONE-YEAR EXTENSION OF THE COMMENCE CONSTRUCTION DEADLINE FOR THE FISCAL YEAR 2006-2007 BUILDING ALLOTMENTS** by the following roll call vote: **AYES:** Carr, Grzan, Lee, Sellers, Tate; **NOES:** None; **ABSTAIN:** None; **ABSENT:** None.*

## ***City Council Action***

### **OTHER BUSINESS:**

#### **19. DEDICATION OF NEW PLAYGROUND AT THE CIVIC CENTER SITE**

Special Assistant to the City Manager Spier informed the Council that the dedication of the new playground at the civic center site was a recommendation by Mayor Tate as it appears to be a timely item based on the upcoming dedication of the new library facility scheduled for July 21, 2007. She said that there was some discussion, in 2003, when the City lost Ken Tougas, to try and dedicate something in his memory. She indicated that Mr. Tougas was a civic servant in many areas from seniors to youth. She noted that the new playground is a youth opportunity.

Mayor Tate indicated that Gina Six and her husband worked closely with Ken Tougas on the Child Spree and the Toys for Tots campaign over many years, and supported him in a lot of other events. He stated that they have been trying to find a way, since Mr. Tougas passed away, to dedicate to his memory, and to keep him and his spirit in our minds/in front of us. He felt this opportunity to be perfect; a playground for the kids that he supported so well. He said that they will try to find some time to have a small celebration to dedicate the playground in Mr. Tougas' memory before the formal opening of the new library.

Mayor Tate opened the floor to public comment. No comments were offered.

Council Member Sellers commended Mayor Tate for coming up with the idea of dedicating the playground to Mr. Tougas' memory and thanked him for all of his work. He noted that the Council established a policy on how it would dedicate facilities on behalf of individuals. It was his belief that the Council wanted to set the bar high so that the dedication would not be an inconsequential action, but that there was a reason to do so and that it was appropriate. He said that anyone who worked with and knew Mr. Tougas and all of his work would agree that this is an appropriate recommendation.



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**Action:**        *Council Member Sellers made a motion, seconded by Council Member Lee, to **Dedicate** the New Playground at the Civic Center Site in Memory of Ken Tougas.*

Council Member Grzan stated that he would support the motion, but wanted to know if there were other members in the community that need to be identified that could possibly be listed as individuals who would be commemorated in some way or another. These would be individuals who have given much of themselves. He felt that there may be other opportunities for the City to honor other members in the community who have devoted a lot of their time to the community. He recommended the City identify a commemorative area to honor those individuals who the Council would like to honor and memorialize.

Mayor Pro Tempore Carr stated his support of the motion, and thanked Mayor Tate for bringing this great suggestion to the Council.

**Action:**        *The motion carried unanimously (5-0).*

## **20.     2007-2008 CITY DEPARTMENT WORKPLANS**

Assistant to the City Manager Stott presented the staff report on the 2007-08 City Department workplans. He indicated that the workplans represent the substantial work efforts that staff would undergo above and beyond their routine efforts. He noted that there is some interdepartmental coordination that needs to take place. He views the workplans to be a supplement to the budget as the resources are identified in the proposed Fiscal Year 2007-08 budget.

Council Member Sellers said that he understands how the Council will fit in with most of the workplan items; including the processes/Council weigh ins. He said that there were two workplan items he was not sure where the Council would fit in; one being the redesign of the city's website. He pointed out that the Council would not be directly involved in design issues, but as a user of the website, he wanted to know if there would be a website committee established as one was established in the past. He also wanted to know how this would come together.

Mr. Stott informed the Council that the redesign of the website was an item he would be responsible for. At this point, he has not formed a committee, but that a committee would be created to assist with the redesign of the website. He sees the need for a survey to be conducted that can be placed on the website to determine if individuals are finding what they are looking for, or whether they have suggestions to improve the City's website. He stated that there will be a process where City staff would seek input.

Council Member Sellers referred to the traffic model; indicating that in the surface, it sounds as though it is a mundane workplan item. However, it has a significant impact on everyone on how this all works out. He inquired whether there would be an opportunity for citizen input in the process in terms of future land use and circulation.

Community Development Director Molloy Previsich said that staff proposes to update the traffic model with today's conditions. The new updated model would be run for the existing general plan, and that it would also be used for some general plan amendments. She stated that the traffic model would be used

to test whether there should be amendments to the circulation element. She hears Council Member Sellers stating that he would like the opportunity for public input for the types of circulation questions that should be analyzed by this traffic model. She felt that this was a good suggestion. She indicated that staff has interviewed traffic model consultants, and that staff will be bringing a proposed contract to the Council at the end of June or early July. She said that staff will make sure that there will be a public opportunity as part of the contract.

Mayor Tate noted that there are a couple of workplan items having to do with the completion of the Architectural Design Handbook. He inquired how the completion of the Architectural Design Handbook affects the Architectural and Site Review Board's (ARB) review. He further inquired whether there was an opportunity to streamline projects when the Handbook is completed.

Ms. Molloy Previsich informed the Council that staff will be bringing forward several items that consist of an amendment of the Design Review Ordinance, the Planned Unit Development ordinance, and certain other sections of the Municipal Code. She said that staff is trying to extract items from the design guidelines and incorporate them into the Design Handbook; simplifying the Design Ordinance so that it is more about processes. It would talk about what the ARB does and what staff can do, etc. Staff will be bringing forward recommended amendments to the Design Review Ordinance, the Planned Unit Development Ordinance, and the Design Review Handbook at the same time. She said that it is staff's hope to have study workshops at the end of summer 2007.

Council Member Grzan inquired whether the City currently has the ability to search the website for items such as Council minutes with key words, etc.

Mr. Stott responded that the website has a search function; however, it does not function well. He said that staff is proposing to start with a brand new website model.

Council Member Grzan noted that a workplan item states that staff will digitally produce maps for department use. He informed staff that Santa Clara County has a vast resource, and that it was his understanding that there were recent legal actions that the County's files may become available to the City. Therefore, the City may want to take a look at enhancing its GIS capabilities with files the County already has.

Mayor Tate referred to page 19 of the workplan document. He noted that the public works department has identified a curb appeal workplan item. He requested that staff explain what this workplan item entails.

Mr. Stott said that the public works department has identified this workplan item in order to identify areas throughout the City that they can add "curb appeal" in order to make certain areas more attractive. He felt that this may be a real estate term, and that Public Works staff could find inexpensive enhancements to add to the curb appeal.

Council Member Grzan requested that City staff identify areas within the community that are without sidewalks. He stated that is an issue with areas around Paradise School where kids are walking on the streets to go to school. It was his belief that this is a hazard and that the City needs to set funds aside to install sidewalks.

Council Member Sellers noted that Monterey Road and Dunne Avenue are also in need of sidewalks.

Mayor Pro Tempore Carr indicated that the City Manager's workplan states that it will assist with the implementation of the City Council goals. He did not see that the goal on public safety listed in the workplan under the City Manager's Office nor listed under the Police Department's workplan. He noted that Mr. Stott, the City Manager, and the Chief of Police are putting time and effort toward this goal, and that everyone needs to realize there is work taking place with this goal.

Assistant to the City Manager Stott informed the Council that the goal on public safety was not listed as a workplan item because the goal was completed. However, he could add it to the workplan as it is an active item.

Mayor Tate opened the floor to public comment. No comments were offered.

**Action:**        *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Carr, the City Council unanimously (5-0) **Reviewed** and **Accepted** the Proposed 2007-2008 Workplan for City Departments.*

## ***City Council and Redevelopment Agency Action***

### **OTHER BUSINESS:**

#### **21.    ADOPT THE FISCAL YEAR 2007-2008 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET AND ADOPT THE FISCAL YEAR 2007-2008 APPROPRIATIONS LIMIT**

Finance Director Dilles presented the staff report; indicating that the Council held a budget workshop on May 18 and a public hearing on June 6. Tonight would be the time for the Council to adopt the proposed budget for Fiscal Year 2007-08. He informed the Council that staff made two changes to the numbers it saw before: 1) staff added \$193,196 for the South County Regional Wastewater Authority (SCRWA) budget to tie to the budget adopted by SCRWA; and 2) added \$14,000 to the budget having to do with the Chamber of Commerce's tourism funding discussed by the Council previously. Other than these two changes, the budget contains the numbers previously seen by the Council. He requested the Council adopt two resolutions: 1) adoption the City of Morgan Hill budget and approval of the appropriation limits for Fiscal Year 2007-08, and 2) adopt the Redevelopment Agency budget as a separate document. Staff also recommends Council/Agency Board approve the five-year Capital Improvement Program as previously presented. He informed the Council/Agency Board that staff did not change the Morgan Hill Downtown Association budget.

Business Assistance and Housing Services Director Toy clarified that the Morgan Hill Downtown Association budget was not changed from what was recommended at \$75,000. He said that staff could absorb \$20,000 in additional funding within the budget as the Economic Development portion of the budget contains \$8-10 million. Should the Agency Board decide to appropriate additional funding, staff would return to the Agency Board with a contract in order to handle the funding request.

Mayor/Chairman Tate opened the floor to public comment. No comments were offered.

Council/Agency Member Sellers said that this is one of the most significant decisions the Council/Agency Board has to make, and that it is being done with so little fanfare. He thanked staff for all its hard work put into this effort, and making sure that the budget serves the community well and reiterates the priorities of this community.

**City Council:**

**Action:** *On a motion by Council Member Sellers and seconded by Council Member Lee, the City Council unanimously (5-0) **Approved** Resolution No. 6105 of the City of Morgan Hill Adopting the Fiscal Year 2007-2008 Operating and CIP Budget and **Adopted** Appropriations Limit for Fiscal Year 2007-2008.*

**Redevelopment Agency:**

**Action:** *On a motion by Agency Member Sellers and seconded by Vice-Chair Carr, the Agency Board unanimously (5-0) **Approved** Resolution No. MHA-269 of the Redevelopment Agency of Morgan Hill Adopting the Fiscal Year 2007-2008 Agency Budget.*

Council/Agency Member Grzan stated that there are significant economic challenges for the City Council/Agency Board. Even though the Council/Agency Board is approving the budget this evening, there are some significant economic challenges that are before it; both in public safety and park needs. He stated that he would support approval of the budget, but did not believe the budget should be taken lightly. Over the course of this year, the Council will address its economic issues and other items it has to do in order to continue to support public safety and other issues.

**City Council and Redevelopment Agency:**

**Action:** *On a motion by Council/Agency Member Sellers and seconded by Mayor Pro Tempore/Vice-Chair Carr, the City Council/Agency Board unanimously (5-0) **Approved** the Five-Year Capital Improvement Plan.*

**FUTURE COUNCIL-INITIATED AGENDA ITEMS**

- Background/history on the Outdoor Sports Center (Mayor/Chair Tate)
- Identify individuals who have contributed to the community (Council Member Grzan)
- \$20,000 in funding for the Morgan Hill Downtown Association (Council Member Sellers)

**ADJOURNMENT**

There being no further business, Mayor/Chairman Tate adjourned the meeting at 8:37 p.m.

**MINUTES RECORDED AND PREPARED BY:**

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**IRMA TORREZ, CITY CLERK/AGENCY SECRETARY**